Consumer Price Index

BRITISH COLUMBIA | BCStats

Reference date: July 2017

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Consumer Price Index (2002=100)

Highlights

British Columbia's consumer price index (CPI) rose 1.9% (*unadjusted*) in July compared to the same month of the previous year. This marks a small increase in the year-over-year rate of inflation since June, when it was 1.7 %.

According to Statistics Canada, the overall annual inflation rate of 1.9% climbs to 2.1% when food is excluded from the index, and declines to 1.7% when energy is excluded.

The overall cost of food went up (0.9%) since July of last year. The cost of groceries purchased from stores went up slightly (0.4%), with the cost of meals purchased from restaurants also increasing (+2.0%) during the same time period. Within the food category, the highest rise in prices were for fresh fruit (+6.4%), fresh vegetables (+6.3%), and fish and other seafood (+6.1%). Prices fell in July for dairy products and eggs (-1.4%) and bakery and other cereal products (-0.4%).

The cost of shelter (+2.6%) went up in July, with prices for both renters (+1.3%) and home owners (+2.7%) rising. Within the shelter category, the cost of piped gas (+9.1%) and electricity (+3.4%) increased since July 2016, while fuel oil and other fuel (-1.3%) saw a decrease.

The transportation index (+1.4%) increased since July 2016, with the price of both private transportation (+1.2%) and public transportation (+4.2%) going up. There was an increase in the price of gasoline (+3.4%) since July 2016, and travellers paid more for inter-city public transportation (+5.3%) compared to the previous year.

The overall cost of clothing and footwear went down slightly (-0.4%) in July, with prices decreasing for both clothing (-0.7%) and footwear (-0.5%).

Compared to a year ago, consumers paid more for health and personal care (+3.0%), alcoholic beverages and tobacco products (+2.8%), recreation, education and reading (+2.1%), and household operations and furnishing (+1.4). Within these categories, some items with significant price increases include reading material and other printed matter (+7.1%), cigarettes (+4.0%), health care (+4.0%), and beer purchased from stores (+3.8%).

Consumer prices rose in both Vancouver (+1.9%) and Victoria (+1.8%) in July.

Canada's CPI rose 1.2% (*unadjusted*) in July. The rate of inflation in B.C. (+1.9%) ranks the highest amongst the provinces. The inflation rates for the other provinces ranged from a high of 1.8% in Prince Edward Island to a low of 0.8% in Saskatchewan.

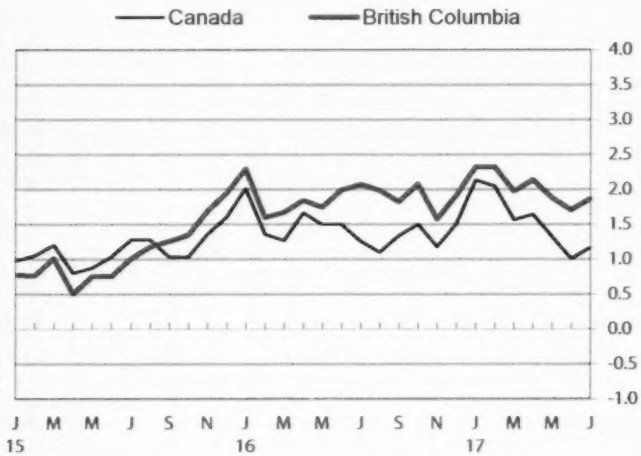
Note: Statistics Canada will release the August Consumer Price Index on September 22, 2017.

2002=100	All-Items Index July 2017	% Change from June 2017	% Change from July 2016
Canada	130.4	0.0	1.2
BC	125.6	0.3	1.9
Vancouver	128.1	0.5	1.9
Victoria	123.9	0.3	1.8
Canada-X[1]	129.2	0.3	1.3
BC (excluding energy)	123.2	0.4	1.7

[1] Defined by the Bank of Canada as the All-items index excluding the eight most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products). Also excluded is the effect of changes in indirect taxes on the remaining components.

BC and Canada Inflation Trend

(% change, same month of previous year)



2002=100	Latest 12-month Average Index (ending in July 2017)	Latest 12-month Average % Change	2016 Annual Average % Change
Canada	129.5	1.5	1.4
BC	123.9	2.0	1.8
Vancouver	126.0	2.0	2.2
Victoria	122.2	2.0	1.8

Terms and definitions

Base effect

The 12-month variation in the CPI is calculated by comparing the current month's index with the index for the same month of the previous year. The 12-month change is represented by the difference in the indexes of the reference months. Thus, the 12-month variation can decrease from one month to the next merely because the base serving as the point of comparison increased.

Source: Statistics Canada

Twelve-Month Percent Changes

Also referred to as "year-over-year", twelve-month percent changes compare indexes for a given month to indexes for the same month of the previous year. As they compare two points in time, they are influenced by unusual or temporary events that can affect either of the two months. Their calculation does not include any of the intervening monthly indexes.

Source: Statistics Canada

Annual Average Index

Annual average indexes are calculated by averaging index levels over the 12 months of the calendar year. These data should not be confused with the 12-month change in the CPI. By the nature of the calculation, averaging indexes over the calendar year gives a better representation of price behaviour over the whole year and is closer to the concept of an average price. The use of annual averages is considered the preferred option for indexation purposes.

Source: Statistics Canada

Latest Twelve-Month Average Index

The latest twelve-month average index (ending in the current month) is a 12-month moving average of the indexes of the most recent 12 months. It is calculated like the annual average index. Hence, in theory, the December twelve-month average index would be equal to the annual average index for the calendar year. However, in practice, when BC Stats makes these calculations from published data, the December 12-month average index may differ from Statistics Canada's published annual average index due to rounding.

Source: Statistics Canada

Harmonized Sales Tax

On July 1, 2010, the Harmonized Sales Tax (HST) came into effect in British Columbia and Ontario. As well, Nova Scotia increased its HST by two percentage points.

On April 1, 2013, the Harmonized Sales Tax came into effect in Prince Edward Island, while British Columbia returned to the Provincial Sales Tax and the Goods and Services Tax.

Source: Statistics Canada

Additional information

More information about the concepts and use of the CPI is available online in the Statistics Canada publication Your Guide to the Consumer Price Index (catalogue 62-557-XIB)

With the release of the May 2011 CPI, Statistics Canada has updated the basket of goods & services used in the calculation of the Index. Learn more

Prepared by: BC Stats, August 2017